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FM AMEMBASSY MAPUTO
TO RUEHC/SECSTATE WASHDC 0340
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
RUEHLO/AMEMBASSY LONDON 0404
RUEAIIA/CIA WASHDC
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C O N F I D E N T I A L SECTION 01 OF 02 MAPUTO 000611

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E.O. 12958: DECL: 05/28/2019
TAGS: [KCOR](#) [KDEM](#) [KCRM](#) [PHUM](#) [PREL](#) [PGOV](#) [SNAR](#) [MZ](#)
SUBJECT: FRELIMO MAVERICKS CONCERNED ABOUT CORRUPTION

REF: A. MAPUTO 513
[B](#). 08 MAPUTO 927
[C](#). 08 MAPUTO 502

Classified By: Charge d'Affaires Todd C. Chapman, Reasons 1.4 (b+d)

[1](#). (C/NF) SUMMARY: At the end of Guebuza's first five years in office, little has been done about corruption. Insiders from the ruling Frelimo party have voiced concern about the corrupt practices of the party's leadership, and say that narco-traffickers and money launderers have infiltrated the hierarchy to the point one observer says that it's being "run like a mafia." While Frelimo will likely not/not split over corruption, two party mavericks have voiced their hopes to the Charge that a serious opposition political movement led by Daviz Simango's Democratic Movement of Mozambique (MDM) may quicken the pace of reform and engender political will within the Frelimo leadership to fight corruption. END SUMMARY.

PRESIDENT GUEBUZA IS RICHEST MOZAMBICAN

[2](#). (U) Five years after being elected on a transparency platform, President Guebuza's Frelimo party itself appears to have been consumed by corruption. A list of Mozambique's ten richest people released in 2007 showed Guebuza, a longtime politician, as the wealthiest Mozambican. In total, seven of the wealthiest are either current or recently retired government officials. Despite annual calls by the donor community for greater transparency and more vigorous efforts to fight corruption, there has been little progress. The most senior member of Frelimo to have been arrested for corruption is former Interior Minister Almerinho Manhene, who was charged in 2008 with 49 counts related to the disappearance of \$8.8 million (Ref B). In early 2009, 48 counts against Manhene were dropped, suggesting political interference.

PARTY MAVERICKS WANT REFORM

[3](#). (C/NF) Two maverick Frelimo members recently shared their frustrations with the Charge, providing rare private insights into deepening divisions over generalized and endemic corrupt practices at the highest levels of the famously-secretive Frelimo party, as well as links to narcotrafficking (septel). They indicate that a chosen few within Guebuza's inner circle are enjoying tremendous financial profits. An annual report on corruption by the Mozambican Center for Public Integrity (CIP) describes influence trafficking, control of para-statal companies for personal gain, and flagrant conflicts of interests by political elites; all of which highlight a fragility of political will to control corruption.

IMPORT FIGURES MANIPULATED TO AID MONEY LAUNDERING

¶3. (C/NF) Ahmad Camal (strictly protect), a longtime Frelimo party member, former member of the national assembly, and a prominent business person who is often critical of U.S. foreign policy, spoke with the Charge at length about a "desperate need for reform" in the party. Camal said senior members of Frelimo--including current ministers--have strong ties with known narco-traffickers and money launderers, and that the Government of Mozambique (GRM) has manipulated import figures in an effort to assist money laundering operations, describing the head of Customs as the "King of Corruption." He indicated that there is more money in the local economy than ever before, and that banks are extremely liquid.

¶4. (C/NF) Camal interestingly described Guebuza's form of corruption as "more benign, a kind that didn't really hurt poor people." He claimed that the President and his cronies did not take government funds or require kickbacks. Rather, his economic agents insured that Guebuza had a minority stake in some of the country's most important enterprises, including the Vodacom mobile phone company. The Guebuza family is also widely believed to be a principal shareholder in Insitec, a Mozambican holding company with wide-ranging business interests in Mozambique and throughout Southern Africa. Camal described President Guebuza's reform plans as being held hostage by influence peddlers in Frelimo, stating that the President hopes to implement changes to fight "the

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more gross forms of corruption" following the October election. Camal agreed that a larger-than-expected showing by new opposition party Democratic Movement of Mozambique's (MDM) Daviz Simango in this October's national elections may strengthen the hand of reformers in Frelimo, raising the likelihood of reform.

"GUEBUZA RUNS PARTY LIKE THE MAFIA"

¶5. (C/NF) Leonardo Simao (strictly protect), Foreign Minister from 1994-2005 during the Chissano administration and current Executive Director of the Chissano Foundation, also told the Charge that Frelimo is corrupt and in need of reform. Simao believes President Guebuza is directly involved in corrupt activities, saying that he "runs the Party like the mafia," with his family or cronies involved in any significant business deal. Many businessmen have expressed similar frustrations that business is not possible without the "involvement" of political elites. Like Camal, Simao agrees that MDM success could stimulate reform in Frelimo. While some suggest that dissatisfaction with the increasing concentration of benefits being concentrated on Guebuza's circle may cause a rift in the Party, Simao disagrees. Instead, he argues that Frelimo will continue to be united because even those who are concerned with the slow pace of reform recognize that they owe their government jobs or privileges to the party--there's no other place to go for employment or economic advancement.

¶6. (C/NF) As an example, Simao reported how he and Chissano were leading an investor group wishing to establish a private airline to compete with the state-owned airlines. He claimed that one of Guebuza's children appeared in his office to express concern and that they wanted to be involved. Simao complained all around town, to such an extent that the Charge heard from Minister of the Presidency Antonio Sumbana that Simao and his collaborators were conducting a smear campaign against the President.

¶6. (C/NF) These Frelimo insiders point to a rise in corruption, possible links to narcotrafficking, and divisions in the party. For different reasons, they believe that a vibrant political opposition led by MDM could serve as a catalyst to check corrupt practices, and reenergize and reform Frelimo. While there is clearly unrest in the party over the corrupt practices of its members, as well as resentment among those outside Guebuza's inner circle, a split in Frelimo continues to seem unlikely. A good showing by MDM's Daviz Simango in the national elections may strengthen the hand of those Frelimo insiders seeking to quicken the sluggish pace of corruption-related reform.

Chapman